



Trade and Agriculture **What's at Stake for Wyoming?**

U.S. Department of Agriculture
Foreign Agricultural Service
October 2001

Wyoming produces agricultural products that are exported worldwide. In 2000, the State's total cash receipts from farming reached \$954 million and the State's overseas sales were estimated at \$37.5 million. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

Wyoming's top agricultural exports in 2000 were:

- # live animals and red meats -- \$15.7 million
- # wheat and products -- \$8.9 million
- # feed grains and products -- \$8.0 million
- # animal feeds and fodders -- \$3.2 million

World demand for agricultural and wood products is increasing, but so is competition among suppliers. If Wyoming's industries are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *more open access* to growing global markets.

Wyoming Benefits From Trade Agreements

Wyoming is already benefitting from a number of trade agreements. While there is still much to be done, examples of market opportunities include:

- # Wyoming benefitted as Japan reduced its tariffs on chilled and frozen beef to 38.5 percent, a move that exceeded its Uruguay Round commitment. Japan's imports of U.S. beef rose from 274,000 tons valued at \$1.3 billion in 1994 to 368,000 tons worth \$1.5 billion in 2000. South Korea eliminated its chilled and frozen beef import quotas in 2001, and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea's imports of U.S. beef rose from 60,000 tons valued at \$227 million in 1994 to 143,000 tons worth \$506 million in 2000.
- # Wyoming benefitted from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

Under the North American Free Trade Agreement, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than doubled, from 20 million bushels to nearly 50 million bushels. In 2000, exports reached 66 million bushels valued at \$200 million.

- # Wyoming benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at \$486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.